

Original sponsor: Commerce Committee  
by request

Offered: 5/1/80  
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 718

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to accounting for and payment of  
7 insurance premiums; and providing for an effective  
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 21.27.360(b) is amended to read:

11 (b) All funds, except those made payable to the insurer, repre-  
12 senting premiums or return premiums received by an agent or broker,  
13 shall be received in his insurance premium [FIDUCIARY] account, and  
14 shall be deposited in a bank account or depository separate from any  
15 other account or depository. Funds from the insurance premium account of

16 (1) an agent which are payable

17 (A) to an insured or broker [, AND] shall be promptly  
18 accounted for and paid to the insured or broker [, INSURER, OR  
19 AGENT] entitled to the funds;

20 (B) to an insurer shall be promptly accounted for and  
21 paid in accordance with the terms and conditions of the agency con-  
22 tract;

23 (2) a broker which are payable

24 (A) to an insured, agent or broker shall be promptly  
25 accounted for and paid to the person entitled to receive the funds;

26 (B) to an insurer shall be promptly accounted for and  
27 paid in accordance with the terms and conditions of the brokerage  
28 contract.

29 \* Sec. 2. AS 21.27.360 is amended by adding new subsections to read:

1 (d) The bank account or depository to which deposits shall be made  
2 when required by (b) of this section

3 (1) shall be described by a word or phrase which identifies  
4 it as an insurance premium account or depository;

5 (2) shall be

6 (A) a deposit in an account with a bank, savings and  
7 loan association, or credit union;

8 (B) an investment in a financial obligation if the obli-  
9 gation is guaranteed by a bank or savings and loan association to  
10 return to the investor not less than the amount which he has in-  
11 vested at the time of termination of his investment in the obli-  
12 gation; or

13 (C) an investment of any kind made in accordance with  
14 specific instructions of the party for whom the funds are held.

15 (e) Unless otherwise provided by written agreement, the interest  
16 earned on amounts placed in a bank account or depository under (d) of  
17 this section belongs to the agent or broker.

18 (f) An agreement between an agent or broker and a party for whom  
19 the funds are held in a bank account or depository under (d) of this  
20 section shall govern disbursement of these funds from the account or  
21 depository to parties entitled to the funds.

22 (g) The insurer for whom premiums are collected or for whom return  
23 premiums are disbursed is responsible for these premiums. The insurer  
24 may conduct audits or examinations of the insurance premium account of  
25 its agents. The insurer shall pay the costs of an audit or examination  
26 authorized by this subsection.

27 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
28 070(c).